

**OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C.
20508**

USTR PRESS RELEASES ARE AVAILABLE ON THE USTR WEB SITE AT WWW.USTR.GOV.

**FOR IMMEDIATE RELEASE
NOVEMBER 8, 2000**

**00 -78
CONTACT: BRENDAN DALY
AMY STILWELL
TODD GLASS
(202) 395-3230**

United States to Request WTO Panel on Mexico Telecommunications

United States Trade Representative Charlene Barshefsky today announced that the United States will request the establishment of a World Trade Organization dispute settlement panel to examine U.S. claims that Mexico has failed to comply with its WTO commitments in its \$12 billion telecommunications services sector.

“We have repeatedly urged the Government of Mexico to comply with its WTO commitments. While some progress has been made, Mexico’s failure to take additional actions has left us no choice but to request a WTO panel,” said Ambassador Barshefsky. “A vibrant telecommunications market is at the foundation of future growth in Mexico and is essential if consumers and businesses in both our countries are to fully participate in a globally networked economy.”

Barshefsky noted that Mexico recently took two positive steps by issuing rules to regulate the anti-competitive practices of Telmex (Mexico’s major telecommunications supplier) and announcing significant reductions in long-distance interconnection rates for 2001. However, she said that today’s panel request was necessary because Telmex has filed legal challenges against both measures, and the Government of Mexico appears reluctant to enforce its new rules against Telmex. In addition, the Government of Mexico has failed to ensure timely interconnection with Telmex at the local level and has not yet addressed outstanding U.S. concerns regarding above-cost rates for phone calls between the United States and Mexico.

The request for establishment of a WTO dispute settlement panel represents the next step in the WTO dispute settlement process. The United States began the process in August, when it requested WTO consultations with Mexico on a range of issues. Those include Mexico’s failure to maintain appropriate measures to prevent Telmex from engaging in anti-competitive practices; to ensure timely, cost-oriented interconnection at any technically feasible point in the network for local, long-distance, and international traffic; and to permit the cross border supply of basic telecom services over leased lines.

The United States and Mexico held WTO consultations in Guadalajara, Mexico, on October 10, which failed to resolve overall U.S. concerns. Subsequently, on October 20, the United States sent a letter to the Government of Mexico, acknowledging areas of progress and suggesting areas where immediate steps would be necessary to ensure Mexico's compliance with its WTO obligations. Unfortunately, the Government of Mexico has not responded to this letter and has declined to discuss the issues further, with senior officials stating publicly that the government was prepared to do no more.

The U.S. panel request outlines the specific measures which the United States believes are inconsistent with Mexico's WTO commitments. These relate to Mexico's failure to ensure:

- (1) timely, non-discriminatory interconnection for local competitors, which remain unable to interconnect with Telmex at the local level;
- (2) cost-oriented interconnection for all calls into and within Mexico, including for calls to remote regions where competitive suppliers lack facilities; and
- (3) competitive alternatives for terminating international calls into Mexico, currently set at a rate of 19 cents per minute, or up to 15 cents per minute higher than cost. Failure to address this issue places Mexico increasingly behind other Latin American countries – such as Argentina, Brazil, Chile, the Dominican Republic and Uruguay – which have permitted competitive alternatives to high-priced termination rates based on monopoly legacy.

The United States will also request consultations on measures adopted after the initial U.S. consultations request concerning Mexico's dominant carrier regulations and interconnection issues.